

## Quick Look:

### ***This document includes:***

Background Information, Quick Facts, and Frequently Asked Questions about House Bills 7205 and 7207 sponsored by the [Select Committee on Government Reorganization](#) chaired by [Representative Legg](#).

## Quick Facts:

**271:** Number of trust funds for which there were appropriations in Florida's 2010-11 fiscal year budget

**27.5:** Percent of the 2010-11 fiscal year budget that is state funds

**38.4:** Percent of the 2010-11 fiscal year budget that is federal trust funds

**34.1:** Percent of the 2010-11 fiscal year budget that is General Revenue

## **OPI Pulse: State Economic Enhancement and Development (SEED) Fund**

### **Background:**

Florida's budget is divided into three primary funding sources: General Revenue, federal trust funds and state trust funds. General Revenue can be used for a variety of purposes but trust funds are generally established for designated purposes. Over the years, the Florida Legislature has created numerous state trust funds for a variety of purposes including bolstering economic development, protecting Florida's coastline, and maintaining the state's roadways. Infrastructure and economic development programs are generally funded through both General Revenue and various trust funds.

### **Issues at a Glance:**

The Florida House of Representatives Select Committee on Government Reorganization recently filed two proposed committee bills (PCBs) related to infrastructure and economic development funding. The bills were reported favorably and later numbered House Bills 7205 and 7207. The bills propose to redirect three of Florida's existing revenue streams into a single fund within the Governor's Office of Tourism, Trade and Economic Development. Proponents cite the following reasons for the proposed legislation:

- To provide a dedicated, recurring funding source to enable Florida to be proactive and better positioned to capitalize on economic development opportunities.
- To foster flexibility in creating incentives packages that will allow Florida to be more competitive in attracting and retaining businesses, while continuing to apply program criteria and return on investment requirements.
- To provide the Legislature and the Governor with the ability to make strategic investments to advance Florida's economic competitiveness nationally and internationally.

### **What the Bills Do:**

House Bill 7205 would create the State Economic Enhancement and Development (SEED) Trust Fund. The fund would serve as a depository of a portion of rental car surcharges, documentary stamp tax proceeds, and local matching funds, and would provide a single source of funding for state transportation-related and housing infrastructure and job creation programs and projects. The bills specify SEED Trust Fund monies would be used for the following purposes or programs:

- To create or expand transportation facilities that meet a strategic and essential state interest with respect to the economic development of the state;
- To fund affordable housing programs and projects;

## **Examples of State Trust Funds:**

- Florida Coastal Protection Trust Fund
- Crimes Compensation Trust Fund
- Tobacco Settlement Trust Fund
- Nursing Student Loan Trust Fund
- Highway Safety Operating Trust Fund
- Crime Stoppers Trust Fund
- Forgiveness Trust Fund

## **Additional Resources:**

[House 2011 Appropriations Documents](#)

[House “Build Your Own Budget” Project](#)

[OPI Pulse: Florida’s Budget Process](#)

- To provide for workforce training associated with locating a new business or expanding an existing business;
- To foster economic development incentives for job creation; and
- To support tourism promotion and marketing services, functions and programs.

House Bill 7207 would provide dedicated funding sources to the SEED Trust Fund. Specifically, the bill would redirect existing revenues from the State Transportation Trust Fund, the State and Local Government Housing Trust Funds, the Florida International Trade and Promotion Trust Fund and the Tourism Promotion Trust Fund to the newly created SEED Trust Fund. In order to carry this out, funds would gradually be redirected from their current state trust fund to the SEED fund. Beginning October 1, 2011, rental car surcharge revenues from the International Tourism and the Promotional Trust Fund and Tourism Promotional Trust Fund would be redirected to the SEED fund. Beginning July 1, 2012, documentary stamp tax proceeds from the State Transportation Trust Fund and the State and Local Government Housing Trust Funds would be redirected to the SEED fund. Upon redirecting the funding sources referenced above to the SEED fund, the previous trust funds, with the exception of the State Transportation Trust Fund, would be terminated.

## **Frequently Asked Questions: SEED Trust Fund**

### **What is a trust fund?**

A trust fund is a fund consisting of monies received by the state which, under law or under trust agreement, are segregated for a purpose. The creation of a trust fund requires specifying the types of funds to be received and the purpose of those funds. The state agency or branch of state government receiving or collecting monies is responsible for spending the money properly, as provided by law. Federal grants, fees, taxes and local matching funds are examples of monies that can be deposited into trust funds.

### **What will happen to the services and programs that were funded under the old trust funds that are scheduled to be terminated?**

The trust funds identified for termination were designated for infrastructure support, job creation and economic development. Proponents assert SEED Trust Fund dollars will continue to meet these needs.

### **Why are these bills even necessary?**

Proponents believe the SEED trust fund will create flexibility in how funds that were previously designated for transportation and housing infrastructure, job creation and economic support and development can be used. They assert the SEED fund will allow state leaders to be responsive to changes in economic development needs as they arise, stressing the state will be more competitive as a result.